



Welcome!

Please **mute** your microphone

Please **turn on your camera** (webcam)

We will start at **2:02 pm**



Rate of Return and Mine Life

Public Hearing | 15 August 2024



Agenda

01 Welcome and
Acknowledgement of Country

02 Participant introductions

03 IPART presentation

04 Q & A session

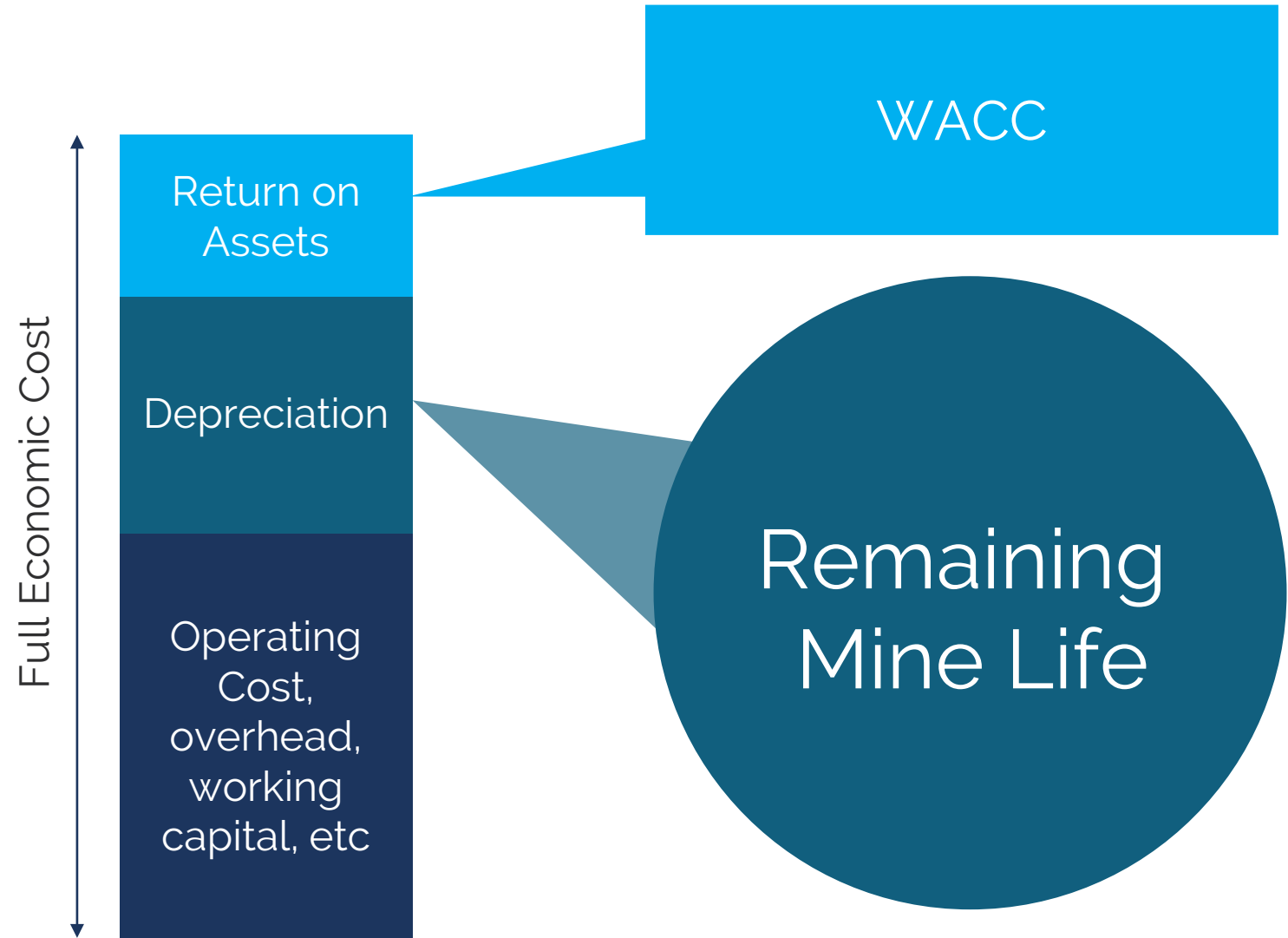
05 Closing remarks

Welcome and Acknowledgement of Country

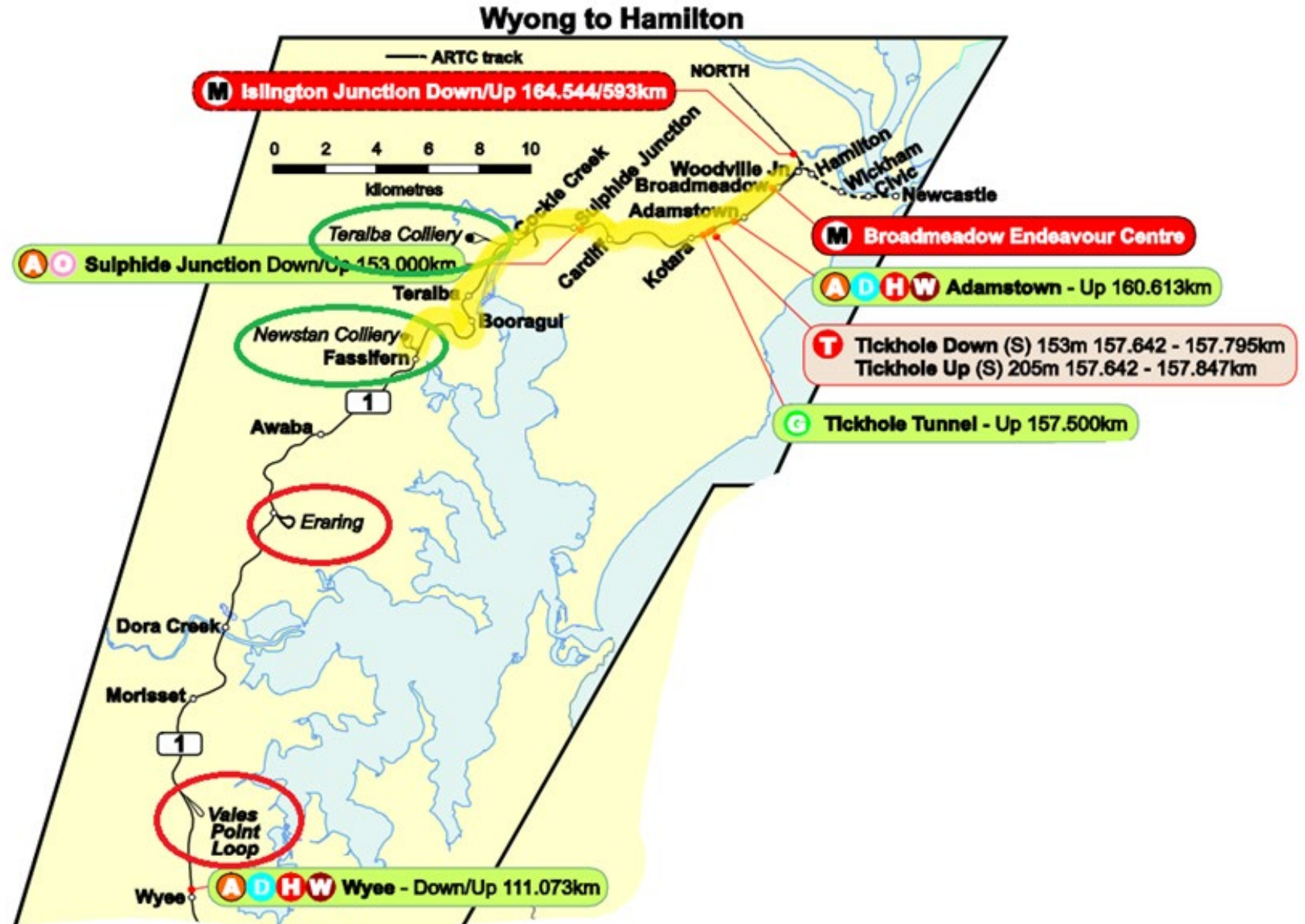


Jonathan Coppel
Lead Tribunal Member

IPART's Role in This Review



Hunter Valley Coal Network





Eraring
Power Station
expected to close
by April 2029

NSW Government secures
2-year extension
to Eraring Power Station
to manage reliability
and price risks

23 May 2024





Mine Line Termination Date

Calendar

<<

Monday Montag Lundi Lunes	Tuesday Dienstag Mardi Martes	Wednesday Mittwoch Miércoles Miercoles
5	6	
12	13	
19	20	
26	27	28

30 June 2029
(5 years)

Reduced from
30 June 2040
(16 years)

Rate of Return
Post-tax real
WACC = 5.0%

	Current Market Data	Long-term averages
Nominal risk-free rate	4.2%	2.5%
Inflation	2.6%	2.6%
Implied debt margin	2.0%	2.4%
Market risk premium	6.2%	6.0%
Debt funding	45%	45%
Equity funding	55%	55%
Total funding (D + E)	100%	100%
Gamma	0.25	0.25
Corporate tax rate	30%	30%
Effective tax rate equity	30%	30%
Effective tax rate debt	30%	30%
Equity beta	1.00	1.00

Impact of our decisions

Medium Term
~19%
increase in Charges

Mine Life Change

16 years to 5 years



**20% Increase
in the Full
Economic Cost**

RoR Change

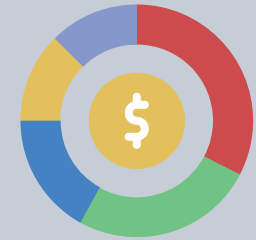
5.3% to 5.0%



**0.5% Reduction
in the Full
Economic Cost**

Overs Acc. Balance

~\$7million



This is being return
over the first two years



What if the mine life is different to 2029

If Mine Life is **< 2029**

- TAHE would face stranding risk
- Financial risk to TAHE is reduced because of past ceiling over-recoveries

If Mine Life is **> 2029**

- From 1 July 2029 HVCCN remaining RAB would be zero
- There would be no further return on assets or depreciation after that
- Access charges would fall then, so that TAHE does not over-recover its RAB



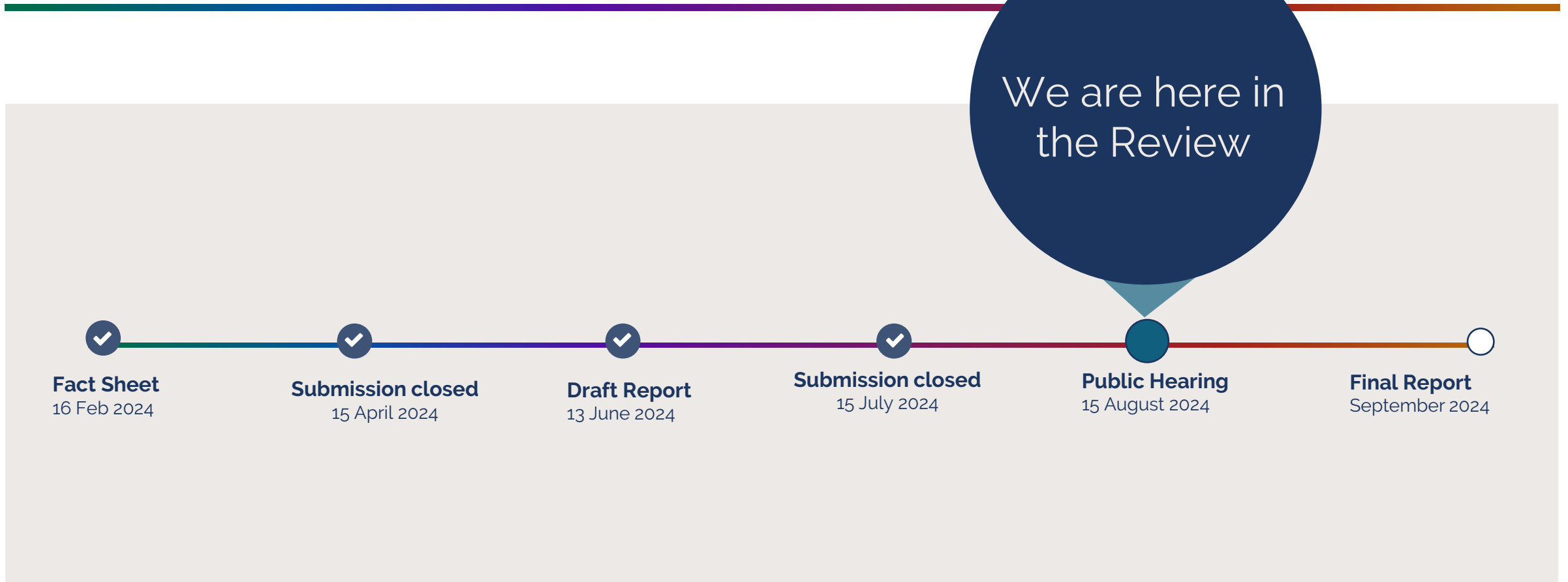
Q & A session

Closing remarks





Timeline of our review



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Visit our website

[Review of Mine Life and Rate of Return](#)